

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

In the Matter of:

Ottosen Post Office
Ottosen, Iowa

Docket No. A2011-57

UNITED STATES POSTAL SERVICE
COMMENTS REGARDING APPEAL
(October 24, 2011)

On August 29, 2011, the Postal Regulatory Commission (Commission) received an appeal postmarked August 19, 2011, from postal customers, the Citizens of Ottosen (Petitioners), objecting to the discontinuance of the Post Office at Ottosen, Iowa. On August 30, 2011, the Commission issued a Form 56, Notice of Filing under 39 U.S.C. § 404(d) and an errata on August 31, 2011 correcting the name of the Post Office. On September 1, 2011, the Commission issued Order No. 836, its Notice and Order Accepting Appeal and Establishing Procedural Schedule under 39 U.S.C. § 404(d). In accordance with Order No. 836, the administrative record was filed with the Commission on September 13, 2011. The Petitioner did not file a Form 61. The Public Representative also did not file an initial brief in the appeal. The following is the Postal Service's answering brief in support of its decision to discontinue the Ottosen Post Office.

The appeal received by the Commission on August 29, 2011, raises three main issues: (1) the effect on postal services, (2) the impact upon the Ottosen community, and (3) the calculation of economic savings expected to result from discontinuing the Ottosen Post Office. As reflected in the administrative record of this proceeding, the

Postal Service gave these issues serious consideration. Additionally, consistent with the Postal Service's statutory obligations and Commission precedent,¹ the Postal Service gave consideration to a number of other issues, including the impact upon postal employees. Accordingly, the determination to discontinue the Ottosen Post Office should be affirmed.

Background

The Final Determination to Close the Ottosen, IA Post Office and Establish Service by Rural Route Service (FD), as well as the administrative record, indicate that the Ottosen Post Office provides EAS-55 level service to 22 Post Office Box and general delivery customers, 0 delivery customers, and retail customers 35.75 hours per week. FD at 2; Item No. 18, (Form 4920) Post Office Closing or Consolidation Proposal Fact Sheet ("Fact Sheet"), at 1.² The postmaster of the Ottosen Post Office retired on April 3, 2008. A noncareer employee from a neighboring office was installed as the temporary officer-in-charge (OIC). Upon implementation of the Final Determination, the noncareer OIC may be separated from the Postal Service; however, attempts will be made to reassign the employee to a nearby facility.³ The average number of daily retail window transactions at the Ottosen Post Office is twelve. Revenue has declined: \$20,879.00 in FY 2008 (54 revenue units); \$19,415.00 in FY 2009 (51 revenue units); and \$18,320.00 in FY 2010 (48 revenue units).⁴ The Ottosen Post Office has no meter

¹ See 39 U.S.C. 404(d)(2)(A).

² In these comments, specific items in the administrative record are referred to as "Item ____."

³ FD, at 5 and 7.

⁴ FD, at 2; Item No. 18, Fact Sheet, at 1; Item No. 41, Proposal, at 2.

or permit customers. FD at 2; Item No. 18, Fact Sheet, at 1; Item No. 41, Proposal, at 2.

Upon implementation of the final determination, delivery and retail services will be provided by rural route delivery administered by the Bode Post Office, an EAS-13 level office located approximately seven miles away, which has 140 available Post Office Boxes. Service will be provided to Cluster Box Units (CBUs). FD at 2 and 7; Item No. 18, Fact Sheet, at 1; Item No. 41, Proposal, at 2. This service will continue upon implementation of the FD. FD at 2.

The Postal Service followed the proper procedures which led to the posting of the FD. All issues raised by the customers of the Ottosen Post Office were considered and properly addressed by the Postal Service. The Postal Service complied with all notice requirements. In addition to the posting of the Proposal and FD, customers received notice through other means. Questionnaires were distributed to delivery customers of the Ottosen Post Office. Questionnaires were also available over the counter for retail customers at Ottosen. FD at 2; Item No. 20, Questionnaire Instruction Letter from P.O. Review Coordinator to OIC/Postmaster at Ottosen Post Office, at 1. A letter from the Manager of Post Office Operations, Cedar Rapids, IA was also made available to postal customers, which advised customers that the Postal Service was evaluating whether the continued operation of the Ottosen Post Office was warranted, and that effective and regular service could be provided through rural route delivery and retail services available at the Bode Post Office. The letter invited customers to complete and return a customer questionnaire and to express their opinions about the service they were

receiving and the effects of a possible change involving rural route delivery. Item No. 21, Letter to Customer, at 1. The returned customer questionnaires and Postal Service response letters appear in the administrative record in Item No. 22. In addition, representatives from the Postal Service were available at the Ottosen Community Club for a community meeting on April 11, 2011, to answer questions and provide information to customers. FD at 2; Item No. 21, Letter to Customer, at 1; Item No. 24, Community Meeting Roster; Item No. 25, Community Meeting Analysis; Item No. 41, Proposal, at 2. Customers received formal notice of the Proposal and FD through postings at nearby facilities. The Proposal was posted with an invitation for public comment at the Ottosen Post Office and the Bode Post Office from April 29, 2011 to June 30, 2011. FD, at 2; Item No. 41, Proposal, at 6. The FD was posted at the same two Post Offices starting on August 15, 2011, as confirmed by the round-dated FD cover sheets that appear in the administrative record.

In light of the postmaster vacancy, declining workload, declining volume, revenue,⁵ the variety of delivery and retail options (including the convenience of rural delivery and retail service),⁶ very little recent growth in the area,⁷ minimal impact upon the community, and the expected financial savings,⁸ the Postal Service issued the FD.⁹ Regular and effective postal services will continue to be provided to the Ottosen community in an effective manner upon implementation of the final determination. FD at 2.

⁵ See note 4 and accompanying text.

⁶ FD, at 2-5; Item No. 33, Proposal, at 2-5.

⁷ Item No. 16, Community Survey Sheet.

⁸ FD, at 2 and 5-7; Item No. 17, Cost Analysis; Item No. 18, Fact Sheet, at 1; Item No. 29, Proposal Checklist, at 1-2; Item No. 41, Proposal, at 2 and 5-6.

⁹ FD, at 2-7.

Each of the issues raised by the Petitioner is addressed in the paragraphs which follow.

Effect on Postal Services

Consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iii) and as addressed throughout the administrative record, the Postal Service considered the effect of closing the Ottosen Post Office on postal services provided to Ottosen customers. The closing is premised upon providing regular and effective postal services to Ottosen customers.

The Petitioners, in their letter of appeal, raise the issue of whether the Postal Service can continue to provide a maximum degree of effective and regular postal services to the Ottosen community, noting the convenience of the Ottosen Post Office and requesting its retention. The Petitioner expresses particular concern about Ottosen losing its community identity, as well as a postmaster to whom customers can direct their problems, complaints and compliments. Each of these concerns was considered by the Postal Service.

The effect of the closing of the Ottosen Post Office on the availability of postal services to Ottosen residents was considered extensively by the Postal Service. FD at 2-7; Item No. 41, Proposal, at 2-6. Upon the implementation of the Final Determination, services provided at the post office, such as the sale of stamps, envelopes, postal cards, and money orders, will also be available from the carrier. FD at 3-4; Item No. 41, Proposal, at 2-4; Item No. 21, Notice to Customers, at 4. Customers opting for carrier service will not have to pay post office box fees. FD at 5; Item No. 41, Proposal at 5.

Petitioners raised the issue of mail security. However, the Postal Service researched this risk and found that there have been no reports of vandalism in the area. Item No. 14, Inspection Service/local law enforcement vandalism reports. Further, Cluster Box Units (CBU) can offer the security of individually locked mail compartments.. FD at 5; Item No. 41, Proposal, at 5. Customers were also advised that they could put a lock on their mail box as long as the slot was large enough to accommodate their normal mail volume. FD at 3 and 5; Item No. 41, Proposal at 3.

The Postal Service has considered the impact of closing the Ottosen Post Office upon the provision of postal services to Ottosen customers. Rural route delivery to CBUs installed on the carrier's line of travel provides similar access to retail service, alleviating the need to travel to the Post Office. FD at 2 and 5; Item No. 23, Postal Customer Questionnaire Analysis, at 1; Item No. 41, Proposal, at 2 and 5. In addition to carrier service, customers, however, may opt for Post Office Box service at the nearby Bode Post Office. There are 140 Post Office Boxes available for rent. FD at 2; Item No. 41, Proposal, at 2. Customers will pay the same fees for Post Office Box rentals at the Bode Post Office. Item No. 15, Post Office Survey Sheet, at 2. The Bode Post Office also provides nonpostal services, such as the distribution of government forms and a bulletin board for the posting of public information. FD at 5; Item No. 41, Proposal, at 5. Thus, the Postal Service has properly concluded that all Ottosen customers will continue to receive regular and effective service via rural route delivery to CBUs installed on the carrier's line of travel.

Effect Upon the Ottosen Community

The Postal Service is obligated to consider the effect of its decision to close the Ottosen Post Office upon the Ottosen community. 39 U.S.C. § 404(d)(2)(A)(i). While the primary purpose of the Postal Service is to provide postal services, the statute recognizes the substantial role in community affairs often played by local Post Offices, and requires consideration of that role whenever the Postal Service proposes to close or consolidate a Post Office.

Ottosen is an incorporated rural community located in Humboldt County. The community is administered politically by a mayor and council. Police protection is provided by the County of Humboldt Sheriff Office and fire protection is provided by the Ottosen Fire Department. The community is comprised of retired people, farmers/ranchers, and those who commute to work at nearby communities and work in local businesses. FD, at 5; Item No. 41, Proposal at 5. The questionnaires completed by Ottosen customers indicate that, in general, they may travel elsewhere for some supplies and services, but will continue to use local businesses if the Ottosen Post Office is discontinued. See generally FD at 4 and 5; Item No. 22, Returned customer questionnaires and Postal Service response letters, at 1-26.

The Petitioners' letter of appeal raises the issue of the effect of the closing of the Ottosen Post Office upon the identity of the Ottosen community. This issue also was considered by the Postal Service, as reflected in the administrative record. FD, at 4 and 6; Item No. 41, Proposal, at 3 and 5. The Postal Service recognizes that a community's identity derives from the interest and vitality of its residents and their use of

its name. The Postal Service is helping to preserve community identity by continuing the use of the Post Office name and ZIP Code in street addresses. FD, at 3; Item No. 41, Proposal, at 3. Communities generally require regular and effective postal services and these will continue to be provided to the Ottosen community. In addition, the Postal Service has concluded that nonpostal services provided by the Ottosen Post Office can be provided by the Bode Post Office. Government forms usually provided by the Post Office are also available by contacting local government agencies. FD at 5; Item No. 41, Proposal, at 5.

Customers also expressed a concern that the loss of the Post Office would have a detrimental effect on the business community. There is no indication that the Ottosen business community will be adversely affected. Businesses generally require regular and effective postal services and these will continue to be provided to the Ottosen business community. Questionnaire responses also indicate that customers will continue to use local businesses if the Post Office is discontinued. FD at 3; Item No. 41, Proposal, at 3.

Thus, the Postal Service has met its burden, as set forth in 39 U.S.C. § 404(d)(2)(A)(i), by considering the effect of closing the Ottosen Post Office on the community served by the Ottosen Post Office.

Economic Savings

Postal officials also properly considered the economic savings that would result from the proposed closing, as provided under 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service estimates that rural route carrier service would cost the Postal Service

substantially less than maintaining the Ottosen Post Office and would still provide regular and effective service. Item No. 21, Letter to Customer, at 1. The estimated annual savings associated with discontinuing the Ottosen Post Office are \$33,979.00, less a one time expense of \$1,202 to install the CBUs. FD at 5-6; Item No. 41, Proposal, at 6.

Economic factors are one of several factors that the Postal Service considered, and economic savings have been calculated as required for discontinuance studies, which is noted throughout the administrative record, consistent with the mandate in 39 U.S.C. § 404(d)(2)(A)(iv). FD, at 5; Item No. 41, Proposal, at 6.

Petitioners, in their letter of appeal, question the use of the Postmaster salary as the basis of annual savings because the office has been operated by a PMR/OIC at a lower cost. A career Postmaster's salary was appropriate to use in the savings calculation, however, because the position would eventually have been filled with a career employee if the Ottosen Post Office had not been subject to a discontinuance action. The Petitioners are concerned that the rent, which they state has been paid on the building through 2015, also should not be the basis of annual savings. As Petitioners point out, the lease expires on May 31, 2015. Item No. 15, Post Office Survey Sheet; Item No. 18, Post Office Fact Sheet. However, this does not mean that the Postal Service already has paid the rent for the building through the contract term or will continue to have to lease the property through the end of the contract term. The Postal Service has only paid the rent on this building through the current term. Therefore, it was not necessary to deduct \$4,800 from the anticipated annual savings

on a long term basis. Moreover, even if the Postal Service did have to continue to pay rent through the end of the lease term, the amount in question is a small fraction of the overall economic savings estimate

Further, the Postal Service determined that carrier service is more effective than maintaining the Ottosen postal facility and postmaster position. FD, at 3-5. The Postal Service's estimates are supported by record evidence, in accordance with the Postal Service's statutory obligations. The Postal Service, therefore, has considered the economic savings to the Postal Service resulting from such a closing, consistent with its statutory obligations and Commission precedent. See 39 U.S.C. § 404(d)(2)(A)(iv).

Effect on Employees

As documented in the record, the impact on postal employees is minimal. The postmaster resigned on April 3, 2008. The Ottosen Post is currently staffed by a noncareer OIC. Upon implementation of the Final Determination, the noncareer OIC may be separated from the Postal Service; however, attempts will be made to reassign the employee to a nearby facility. The record shows that no other employee would be adversely affected by this closing. FD, at 2 and 5; Item No. 15, Post Office Survey Sheet, at 1; Item No. 41, Proposal, at 2 and 6. Therefore, in making the determination, the Postal Service considered the effect of the closing on the employees at the Ottosen Post Office, consistent with its statutory obligations. See 39 U.S.C. § 404(d)(2)(A)(ii).

Conclusion

As reflected throughout the administrative record, the Postal Service has followed the proper procedures and carefully considered the effect of closing the

Ottosen Post Office on the provision of postal services and on the Ottosen community, as well as the economic savings that would result from the proposed closing, the effect on postal employees, and other factors, consistent with the mandate of 39 U.S.C. § 404(d)(2)(A).

After taking all factors into consideration, the Postal Service determined that the advantages of discontinuance outweigh the disadvantages. In addition, the Postal Service concluded that after the discontinuance, the Postal Service will continue to provide effective and regular service to Ottosen customers. FD, at 7. The Postal Service respectfully submits that this conclusion is consistent with and supported by the administrative record and is in accord with the policies stated in 39 U.S.C. § 404(d)(2)(A). The Postal Service's decision to close the Ottosen Post Office should, accordingly, be affirmed.

The Postal Service respectfully requests that the determination to close the Ottosen Post Office be affirmed.

Respectfully submitted,

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